GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:550
ANSWERED ON:18.11.2016
Loan Defaulters
Devi Smt. Veena;Kushwaha Shri Ram Kumar Sharma;Meena Shri Harish Chandra;Senguttuvan Shri Balasubramaniam;Singh Shri Sushil Kumar;Tharoor Dr. Shashi;Wanaga Shri Chintaman Navsha

Will the Minister of FINANCE be pleased to state:

(a) whether the 87 wilful defaulters owe more than Rs.85,000/- crores to the Public Sector Banks (PSBs), if so, the details of willful defaulters who have borrowed loans in excess of rupees 100 crores or more from Public Sector Banks (PSBs);
(b) whether the Government has formulated guidelines for early recognition of financial distress for recovery from borrowers;
(c) if so, the details thereof and the reasons for non-implementation of guidelines by banks in an effort to avoid the increase of Non-performing Assets (NPAs);
(d) the number of FIRs filed against the willful defaulters by the PSBs in the last three years, year-wise data;
(e) the conviction rate/amount recovered by the banks from the willful defaulters during the last three years, bank and state-wise; and
(f) the further measures taken by the Government to ensure the recovery of funds from defaulters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

a) There were 129 wilful defaulters who borrowed loans in excess of Rs.100 crore amounting to Rs.28,525 crore from Public Sector Banks (PSBs) as on June 30, 2016.

(b) and (c): Reserve Bank of India (RBI) has formulated guidelines for early recognition of financial distress for recovery from borrowers. The details are as under:

(i) Before a loan account turns NPA, Banks are required to identify stress in the account under three sub-categories of Special Mention Account (SMA) i.e.

SMA0 (interest and principal overdue not more than 30 days)
SMA 1 (interest and principal overdue between 31-60 days)
SMA 2 (interest and principal overdue between 61-90 days)

(ii) Banks are required to report credit information on borrowers having aggregate exposure more than Rs.5 Crore to Central Repository of Information on Large Credits (CRILC).

(iii) As soon as an account is reported by any of the lenders to CRILC as SMA-2, Joint Lenders' Forum (JLF) is to be mandatorily formed, if the Aggregate Exposure (AE) of lenders is more than Rs.100 Crore. In case the exposure is less than Rs.100 Crore and/or account is reported as SMA 0 or 1, lenders have an option of forming a JLF.

(d) and (e): The details are at Annexure.

f) The Government has taken sector specific measures (Infrastructure, Power, Road, textiles, Steel etc.) where incidence of NPA is high. The Insolvency and Bankruptcy code (IBC) has been enacted and Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) and The Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act have been amended to improve resolution/recovery of bank loans. Six new Debt Recovery Tribunals (DRTs) have been established for improving recovery. RBI has provided a number of tools in this regard- Corporate Debt Restructuring (CDR),Formation of Joint Lenders' Forum (JLF), Flexible Structuring for long term project loans to Infrastructure and Core industries (5/25 Scheme), Strategic Debt Restructuring Scheme (SDR) and Sustainable Structuring of Stressed Assets (S4A).

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ANNEXURE

Wilful Defaulters of Rs.25 Lakh and above, FIR's Filed and Conviction Rate for Last Three Financial Years
(Rs. in Crore)

Financial Year	Wilful defaulters		FIRs filed		Conviction Rate during the year (%)	Recovery During the year	
	No.	Amount	No.	Amount		No.	Amount
2013-14	6,336	45,731	887	9,176	1.44%	781	1,839
2014-15	7,031	59,656	1,325	15,157	1.45%	844	1,532
2015-16	8,167	76,685	1,724	21,509	1.14%	1,650	3,498

Source: PSBs
*Note: State-wise information is not availab